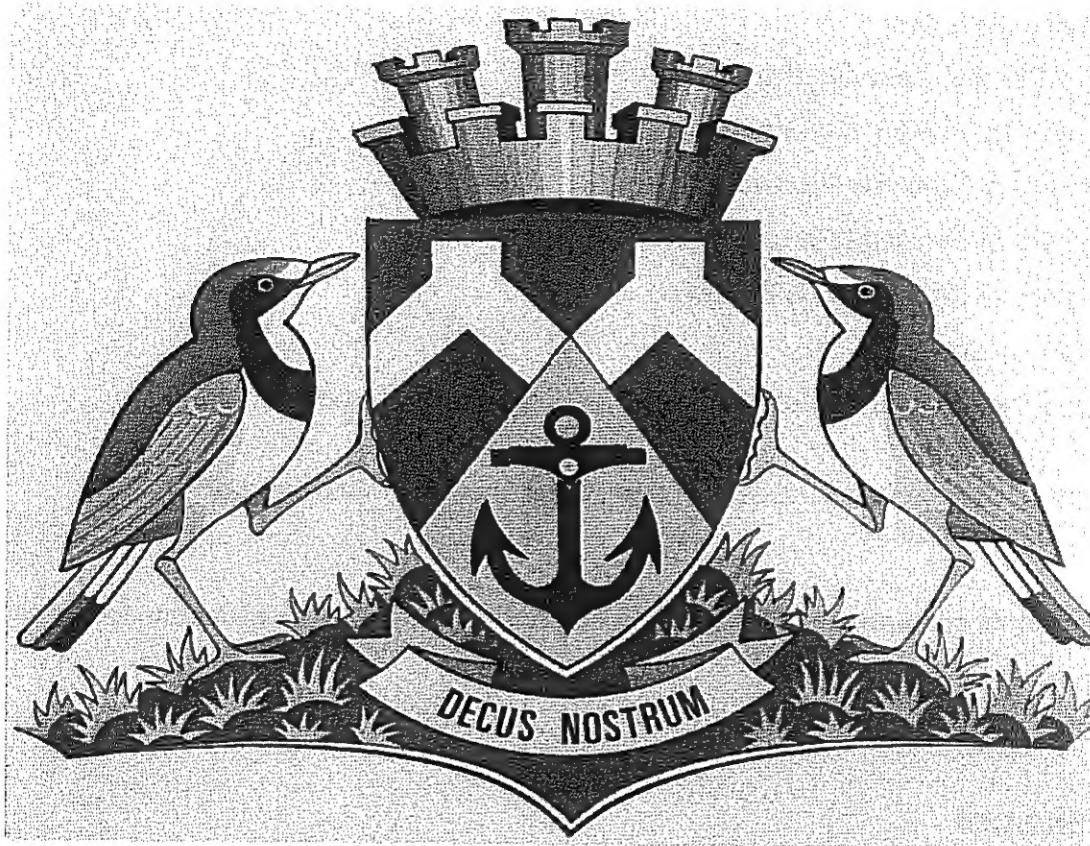


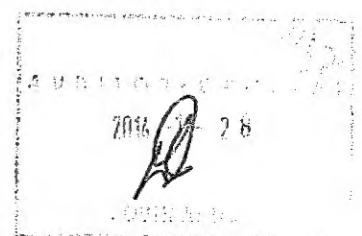
# OVERBERG

## DISTRICT MUNICIPALITY



## FINANCIAL STATEMENTS

30 JUNE 2014



# OVERBERG DISTRICT MUNICIPALITY

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# OVERBERG DISTRICT MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Overberg Municipality is a district municipality performing the functions as set out in the Constitution, 1996. (Act no 108 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act, 1998. (Act no 117 of 1998)

#### JURISDICTION

The Overberg Municipality includes the following areas:

*Cape Agulhas  
Overstrand  
Swellendam  
Theewaterskloof*

#### MUNICIPAL MANAGER

*D P BERETTI*

#### CHIEF FINANCIAL OFFICER

*J C P TESSELAAR*

#### REGISTERED OFFICE

*26 Long Street, Bredasdorp, 7280*

#### AUDITORS

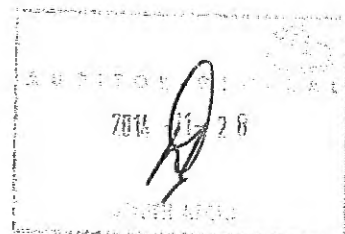
*Auditor General South Africa (AGSA)*

#### PRINCIPLE BANKERS

*Absa Bank*

#### RELEVANT LEGISLATION

Municipal Finance Management Act, 2003. (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act, 1998. (Act no 117 of 1998)  
Municipal Systems Act, 2000. (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act, 1997. (Act no 108 of 1997)  
Housing Act, 1997. (Act no 107 of 1997)  
Municipal Property Rates Act, 2004. (Act no 6 of 2004)  
Electricity Act, 1987. (Act no 41 of 1987)  
Skills Development Levies Act, 1999. (Act no 9 of 1999)  
Employment Equity Act, 1998. (Act no 55 of 1998)  
Unemployment Insurance Act, 1966. (Act no 30 of 1966)  
Basic Conditions of Employment Act, 1997. (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC Leave Regulations



# OVERBERG DISTRICT MUNICIPALITY

## MEMBERS OF THE OVERBERG DISTRICT MUNICIPALITY

### COUNCILLORS

Theewaterskloof	CD November
Overstrand	NM Sapepa
Cape Agulhas	PN Atyhosi
Overstrand	PJ May
Theewaterskloof	UT Sipunzi
Overstrand	DP Coetzee
Theewaterskloof	IM Sileku
Cape Agulhas	JG Nieuwoudt
Theewaterskloof	KJ Tiemie
Theewaterskloof	ML Hector
Overstrand	A Coetzee
Swellendam	J Du Toit Loubser
Proportional	A J Appel
Proportional	S Tebele
Proportional	J Gelderblom
Proportional	L De Bruyn
Proportional	A Franken
Proportional	D Oosthuizen
Proportional	D Du Toit
Proportional	J Kriel
Proportional	DC Ruiters



### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2014, which are set out on pages 1 to 78 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied upon.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and am satisfied that the Municipality can continue its operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
D P BERETTI  
Municipal Manager

26.8.2014  
Date

**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**

	Notes	2014 (Actual) R	2013 (Restated) R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>(23 691 881)</b>	<b>(21 216 602)</b>
Accumulated Deficit		(23 691 881)	(21 216 602)
<b>Non-Current Liabilities</b>		<b>63 972 471</b>	<b>60 322 253</b>
Long-term Liabilities	2	1 478 990	1 876 157
Employee benefits	3	54 654 766	51 235 312
Non-Current Provisions	4	7 838 715	7 210 784
<b>Current Liabilities</b>		<b>19 843 703</b>	<b>20 417 087</b>
Consumer Deposits	5	11 820	17 590
Current Employee benefits	6	8 005 540	7 335 489
Payables from exchange transactions	7	2 270 014	1 227 217
Unspent Conditional Government Grants and Receipts	8	8 773 564	10 945 303
Current Portion of Long-term Liabilities	2	782 765	891 489
<b>Total Net Assets and Liabilities</b>		<b>60 124 293</b>	<b>59 522 738</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>42 222 180</b>	<b>42 328 360</b>
Property, Plant and Equipment	10	40 245 133	40 341 158
Investment Property	11	111 000	-
Intangible Assets	12	274 895	342 978
Capitalised Restoration Cost	13	1 591 152	1 644 223
<b>Current Assets</b>		<b>17 789 980</b>	<b>15 445 891</b>
Inventory	14	1 039 175	924 616
Receivables from exchange transactions	15	501 432	442 162
Receivables from non-exchange transactions	16	1 340 572	1 457 221
Taxes	9.3	199 251	134 665
Cash and Cash Equivalents	17	14 709 550	12 487 228
<b>Non-Current Assets Held for Sale</b>		<b>112 133</b>	<b>1 748 488</b>
Non-current Assets held for sale	10	112 133	1 748 488
<b>Total Assets</b>		<b>60 124 293</b>	<b>59 522 738</b>

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**OVERBERG DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

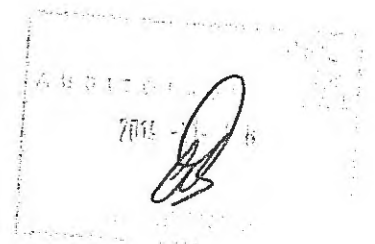
	Notes	2014 (Actual) R	2013 (Restated) R	Correction of error R	2013 (Previously reported) R
<b>REVENUE</b>					
Revenue from Non-exchange Transactions		51 144 477	47 986 370	102 894	47 883 477
Transfer Revenue		51 124 301	47 244 520	102 894	47 141 626
Government Grants and Subsidies	18	51 124 301	47 244 520	102 894	47 141 626
Public Contributions and Donations		-	-	-	-
Other Revenue		20 176	741 851	-	741 851
Actuarial Gains	3	16 421	741 851	-	741 851
Impairments Recovered	25	3 755	-	-	-
Revenue from Exchange Transactions		68 821 419	62 349 045	658 132	61 692 912
Government Grants and Subsidies	18	50 621 904	41 089 556	(96 887)	41 186 443
Service Charges	19	645 663	621 345	-	621 345
Rental of Facilities and Equipment		10 718 124	11 144 665	-	11 144 665
Interest Earned - external investments		1 290 199	484 647	-	484 647
Interest Earned - outstanding debtors		4 780	3 918	-	3 918
Licences and Permits		75 938	45 040	-	45 040
Agency Services		4 489 097	3 873 146	-	3 873 146
Other Income	20	568 233	4 428 147	753 019	3 675 127
Fair Value Gains		-	42 288	-	42 288
Gain on disposal of Property, Plant and Equipment	10	407 482	616 292	-	616 292
<b>Total Revenue</b>		<b>119 965 896</b>	<b>110 335 415</b>	<b>759 026</b>	<b>109 576 389</b>
<b>EXPENDITURE</b>					
Employee related costs	21	58 992 022	53 300 096	1 023 700	52 276 396
Employee related costs (Roads)	21	13 512 802	12 570 495	12 570 495	-
Remuneration of Councillors	22	5 144 455	3 979 297	-	3 979 297
Debt Impairment	23	330 327	753 019	753 019	-
Depreciation and Amortisation	24	2 117 020	2 436 873	-	2 436 873
Impairments	25	539 626	9 992	-	9 992
Repairs and Maintenance		13 387 755	7 782 286	(12 258 515)	20 040 801
Actuarial losses	3	476 288	-	-	-
Fair Value losses		-	15 310	-	15 310
Finance Charges	26	861 226	1 392 464	-	1 392 464
Contracted services		125 583	255 754	-	255 754
Operating Grant Expenditure		-	-	(2 031 226)	2 031 226
General Expenses	27	26 954 071	25 227 039	689 887	24 537 151
Loss on disposal of Property, Plant and Equipment		-	641 213	-	641 213
<b>Total Expenditure</b>		<b>122 441 176</b>	<b>108 363 838</b>	<b>747 361</b>	<b>107 616 477</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(2 475 279)</b>	<b>1 971 577</b>	<b>11 665</b>	<b>1 959 913</b>

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Accumulated Surplus/ (Deficit)	Total
	R	R
<b>Balance at 1 JULY 2012</b>	<b>(23 276 498)</b>	<b>(23 276 498)</b>
Correction of error - Refer to note 28.10	88 319	88 319
<b>Restated balance on 1 JULY 2012</b>	<b>(23 188 179)</b>	<b>(23 188 179)</b>
Net Surplus for the year	1 971 577	1 971 577
<b>Balance at 30 JUNE 2013</b>	<b>(21 216 602)</b>	<b>(21 216 602)</b>
Net Deficit for the year	(2 475 279)	(2 475 279)
<b>Balance at 30 JUNE 2014</b>	<b>(23 691 881)</b>	<b>(23 691 881)</b>

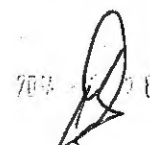
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# OVERBERG DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30 JUNE 2014 R	30 JUNE 2013 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		16 179 696	18 544 425
Government - operating		99 574 466	97 397 982
Interest		1 294 979	488 565
<b>Payments</b>			
Suppliers and employees		(113 578 988)	(101 640 355)
Finance charges	26	(233 295)	(306 133)
<b>Cash generated by operations</b>	30	<b>3 236 857</b>	<b>14 484 483</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	10	(2 119 367)	(1 384 260)
Proceeds on Disposal of Fixed Assets		2 131 736	1 704 337
Purchase of Intangible Assets		-	(61 045)
Proceeds on Disposal of Non-Current Investments		-	357 810
<b>Net Cash from Investing Activities</b>		<b>12 369</b>	<b>616 842</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(1 021 134)	(643 269)
Increase(Decrease) in Consumer Deposits		(5 770)	(2 490)
<b>Net Cash from Financing Activities</b>		<b>(1 026 904)</b>	<b>(645 759)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2 222 322</b>	<b>14 455 565</b>
Cash and Cash Equivalents at the beginning of the year		12 487 228	(1 968 338)
Cash and Cash Equivalents at the end of the year	17	14 709 550	12 487 228
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2 222 322</b>	<b>14 455 565</b>





**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2014 R Actual	2014 R Final Budget	2014 R Variance	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	7 016 521	3 269 590	3 746 930	Variance due to additional grants received for the roads function
Call investment deposits	7 693 030	-	7 693 030	Financial position of the municipality improved due to improved financial control
Consumer debtors	501 432	439 560	61 872	Increase due to reduction in payment levels by consumers
Other Receivables	1 539 823	2 008 363	(468 540)	Decrease due to outstanding amounts written off by Council
Inventory	1 039 175	2 968 461	(1 929 287)	Decrease due to selling of property previously recognised as non-current assets held for sale
<b>Total current assets</b>	<b>17 789 980</b>	<b>8 685 974</b>	<b>9 104 005</b>	
<b>Non current assets</b>				
Long-term receivables	-	-	-	
Investments	-	-	-	
Property, plant and equipment	40 245 133	43 531 356	(3 286 222)	Decrease due to financial lease assets being much cheaper than anticipated
Intangible Assets	274 895	377 279	(102 384)	Less expenditure incurred on intangible assets than budgeted for
<b>Total non current assets</b>	<b>40 520 029</b>	<b>43 908 635</b>	<b>(3 388 606)</b>	
<b>TOTAL ASSETS</b>	<b>58 310 008</b>	<b>52 594 610</b>	<b>5 715 399</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	0	(0)	
Borrowing	782 765	785 689	(2 924)	Not material
Consumer deposits	11 820	17 590	(5 770)	Number of consumers reduced due to partial closure of the Dennehof Resort
Trade and other payables	11 043 578	3 152 975	7 890 604	Additional funding for roads function increased the unspent conditional grants significantly
Provisions and Employee Benefits	8 005 540	7 335 489	670 050	Adjustments due to actuarial calculations
<b>Total current liabilities</b>	<b>19 843 703</b>	<b>11 291 743</b>	<b>8 551 960</b>	
<b>Non current liabilities</b>				
Borrowing	1 478 990	1 096 702	382 288	Increased due to liabilities raised for financial leases
Provisions and Employee Benefits	62 493 481	64 965 960	(2 472 479)	Adjustments due to actuarial calculations
<b>Total non current liabilities</b>	<b>63 972 471</b>	<b>66 062 662</b>	<b>(2 090 191)</b>	
<b>TOTAL LIABILITIES</b>	<b>83 816 174</b>	<b>77 354 405</b>	<b>6 461 769</b>	
<b>NET ASSETS</b>	<b>(25 506 165)</b>	<b>(24 759 795)</b>	<b>(746 370)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	(23 691 881)	(24 759 795)	1 067 914	Realised smaller deficit for the year under review than anticipated
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>(23 691 881)</b>	<b>(24 759 795)</b>	<b>1 067 914</b>	

  
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**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**

**ADJUSTMENTS TO APPROVED BUDGET**

	2014 R	2014 R	2014 R	
	Approved Budget	Adjustments	Final Budget	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	1 584 469	1 685 121	3 269 590	Financial position of the municipality improved due to improved financial control
Consumer debtors	2 345 817	(1 906 257)	439 560	Corrections between exchange and non-exchange debtors as well as debtors written off
Other Receivables	581 091	1 427 272	2 008 363	Corrections between exchange and non-exchange debtors
Inventory	1 138 542	1 829 919	2 968 461	Corrections done to include non-current assets held for sale as part of inventory
<b>Total current assets</b>	<b>5 649 919</b>	<b>3 036 056</b>	<b>8 685 974</b>	
<b>Non current assets</b>				
Investments	-	-	-	
Property, plant and equipment	51 124 051	(7 592 696)	43 531 356	PPE reduced due to municipality's inability to raise an external loan for the expansion of the Karwyderskraal Regional Landfill Site
Intangible Assets	249 061	128 218	377 279	Budget for capital expenditure adjusted to provide for the purchase of software
<b>Total non current assets</b>	<b>51 373 112</b>	<b>(7 464 477)</b>	<b>43 908 635</b>	
<b>TOTAL ASSETS</b>	<b>57 023 031</b>	<b>(4 428 422)</b>	<b>52 594 610</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	0	0	
Borrowing	3 808 179	(3 022 490)	785 689	Decreased due to Karwyderskraal Regional Landfill site not being expanded
Consumer deposits	20 080	(2 490)	17 590	Not material
Trade and other payables	2 340 360	812 615	3 152 975	Increased due to rise in supplier prices
Provisions and Employee Benefits	7 204 176	131 313	7 335 489	Not material
<b>Total current liabilities</b>	<b>13 372 795</b>	<b>(2 081 052)</b>	<b>11 291 743</b>	
<b>Non current liabilities</b>				
Borrowing	12 482 855	(11 386 153)	1 096 702	Decreased due to Karwyderskraal Regional Landfill site not being expanded
Provisions and Employee Benefits	63 713 805	1 252 155	64 965 960	Not material
<b>Total non current liabilities</b>	<b>76 196 660</b>	<b>(10 133 998)</b>	<b>66 062 662</b>	
<b>TOTAL LIABILITIES</b>	<b>89 569 454</b>	<b>(12 215 050)</b>	<b>77 354 405</b>	
<b>NET ASSETS</b>	<b>(32 546 423)</b>	<b>7 786 628</b>	<b>(24 759 795)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	(32 546 423)	7 786 628	(24 759 795)	Adjusted due to improved financial management
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>(32 546 423)</b>	<b>7 786 628</b>	<b>(24 759 795)</b>	

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**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**


	2014 R Actual	2014 R Final Budget	2014 R Variance	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Service charges	645 663	651 180	(5 517)	Not material
Rental of facilities and equipment	10 718 124	10 644 000	74 124	Not material
Interest earned - external investments	1 290 199	1 290 000	(199)	Not material
Interest earned - outstanding debtors	4 780	4 100	680	Increase due to improved credit control measures being implemented
Actuarial Gains	16 421	-	16 421	Adjustments due to actuarial calculations
Licences and permits	75 938	45 000	30 938	Increase due to permits being issued by Municipal Health
Agency services	4 489 097	4 489 000	97	Not material
Government Grants and Subsidies - Operating	101 746 205	106 146 080	(4 399 875)	Decrease due to additional funding for the roads function not spent at year end
Other revenue	568 233	447 590	120 643	Increase due to revenue being more than anticipated
Gains on disposal of PPE	407 482	-	407 482	Increase due to properties being sold during the year
<b>Total Operating Revenue</b>	<b>119 952 141</b>	<b>123 727 040</b>	<b>(3 764 899)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	58 992 022	56 755 960	2 236 062	Increase due to settlement with previous MM and acting allowances paid for vacant positions
Remuneration of councillors	5 144 455	4 862 480	281 975	Reduced due to Councillors claiming less for travel claims than anticipated
Depreciation & asset impairment	2 117 020	2 067 110	49 910	Decreased due to extending of economic useful lives of assets
Finance charges	861 226	845 870	15 356	Not material
Impairments	539 626	-	539 626	Redundant assets being written off
Contracted services	125 583	140 000	(14 417)	Reduced due to Karwyderskraal landfill site still being closed
Other expenditure	40 818 114	62 498 830	(21 680 716)	Decrease due to additional funding for the roads function not spent at year end
Loss on disposal of PPE	-	-	-	
<b>Total Operating Expenditure</b>	<b>108 928 374</b>	<b>127 170 250</b>	<b>(18 241 876)</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>11 033 768</b>	<b>(3 443 210)</b>	<b>14 476 978</b>	
Government Grants and Subsidies - Capital	(353 740)	-	(353 740)	Assets bought from government grants not budgeted for as capital expenditure
<b>Net Surplus/(Deficit) for the year</b>	<b>10 680 027</b>	<b>(3 443 210)</b>	<b>14 123 237</b>	



**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**ADJUSTMENTS TO APPROVED BUDGET**

	2014 R Approved Budget	2014 R Adjustments	2014 R Final Budget	2014 R Final Virements	2014 R Final Year End Budget	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>						
Service charges	510 480	140 700	651 180	9 890	661 070	Increased due to permanent residents at resorts being charged for services
Rental of facilities and equipment	11 285 380	(641 380)	10 644 000	20 000	10 664 000	Reduced due to weaker economic climate and less usage of the resorts
Interest earned - external investments	500 000	800 000	1 300 000	-	1 300 000	Increased due to improved cash flow position of the municipality
Interest earned - outstanding debtors	4 100	-	4 100	-	4 100	
Dividends received	-	-	-	-	-	
Licences and permits	60 000	(15 000)	45 000	-	45 000	Decrease due to revenue being less than anticipated
Agency services	3 959 770	530 320	4 489 090	-	4 489 090	Increased due to additional funding received for roads function
Government Grants and Subsidies - Operating	91 288 580	14 857 500	106 146 080	914 976	107 061 056	Increased due to additional funding received for roads function
Other revenue	557 750	(110 160)	447 590	-	447 590	Decrease due to revenue being less than anticipated
Gains on disposal of PPE	-	-	-	-	-	
<b>Total Operating Revenue</b>	<b>108 165 050</b>	<b>15 561 980</b>	<b>123 727 040</b>	<b>944 866</b>	<b>124 671 906</b>	
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	54 956 540	1 799 420	56 755 960	13 310 350	70 066 310	Increased due to vacant positions being filled
Remuneration of councillors	4 739 740	122 740	4 862 480	-	4 862 480	Increased due to approval of increase for Councillors
Debt impairment	300 000	(300 000)	-	-	-	Reduced due to improved credit control measures implemented
Depreciation & asset impairment	2 558 390	(491 280)	2 067 110	-	2 067 110	Decreased due to financial lease assets being much cheaper than anticipated
Finance charges	1 274 460	(428 580)	845 870	-	845 870	Decreased due to decrease in long term liabilities
Contracted services	1 000 000	(260 000)	140 000	-	140 000	Reduced due to Karwyderskraal landfill site still being closed
Other expenditure	47 805 040	14 693 790	62 498 830	-12 365 484	50 133 346	Increased due to additional grants received for the roads function
<b>Total Operating Expenditure</b>	<b>112 034 170</b>	<b>15 136 080</b>	<b>127 170 250</b>	<b>944 866</b>	<b>128 115 116</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>(3 869 110)</b>	<b>425 900</b>	<b>(3 443 210)</b>	<b>-</b>	<b>(3 443 210)</b>	
<b>Net Surplus/(Deficit) for the year</b>	<b>(3 869 110)</b>	<b>425 900</b>	<b>(3 443 210)</b>	<b>-</b>	<b>(3 443 210)</b>	

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**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2014 R Actual	2014 R Final Budget	2014 R Variance	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	16 179 696	<del>16 200 000</del>	(101 264)	Not material
Government - operating	99 574 466	97 048 656	2 525 810	Additional allocations received for the roads function
Interest	1 294 979	1 300 000	(5 021)	Not material
<b>Payments</b>				
Suppliers and Employees	(113 578 988)	(121 321 360)	7 742 372	Reduced due to cut down on expenditure levels
Finance charges	(233 295)	(232 950)	(345)	Not material
Transfers and Grants	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<u>3 236 857</u>	<u>-6 924 694</u>	<u>10 161 551</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	2 131 736	1 286 846	844 890	Actual proceeds more than originally anticipated
Proceeds on Disposal of Non-Current Investments	-	-	-	
<b>Payments</b>				
Purchase of Intangible Assets	-	-	-	
Capital assets	(2 119 367)	(2 710 360)	590 993	Less capital expenditure incurred than budgeted for
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<u>12 369</u>	<u>(1 421 514)</u>	<u>1 433 883</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	(5 770)	-	(5 770)	Number of consumers reduced due to partial closure of the Dennehof Resort
<b>Payments</b>				
Repayment of borrowing	(1 021 134)	(871 430)	(149 704)	Increase due to raising of long-term liability for financial leases
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<u>(1 026 904)</u>	<u>(871 430)</u>	<u>(155 474)</u>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>2 222 322</u>	<u>(9 217 638)</u>	<u>11 439 960</u>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<u>2 222 322</u>	<u>(9 217 638)</u>	<u>11 439 960</u>	
Cash and Cash Equivalents at the beginning of the year	12 487 228	12 487 228	-	
Cash and Cash Equivalents at the end of the year	14 709 550	<del>13 269 590</del>	11 439 960	Increase due to roads funding received not spent at year end

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**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**ADJUSTMENTS TO APPROVED BUDGET**

	2014 R Approved Budget	2014 R Adjustments	2014 R Final Budget	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	17 272 380	(991 420)	16 280 960	No revenue collected at Karwyderskraal landfill site
Government - operating	90 238 580	6 810 076	97 048 656	Increased allocation for performing the roads function
Interest	504 100	<del>788 500</del>	1 300 000	Increased due to improved cash flow position of the municipality
Dividends	-	-	-	
Payments				
Suppliers and Employees	(104 313 802)	(17 007 558)	(121 321 360)	Additional allocation received for the roads function also increases expenditure
Finance charges	(1 263 100)	1 030 150	(232 950)	Adjusted due to liability not raised for Karwyderskraal Regional Landfill Site
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>2 438 158</b>	<b>-9 362 852</b>	<b>-6 924 694</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of Assets	1 779 026	(490 180)	1 288 846	Decrease due to properties not being sold
Payments				
Capital assets	(17 692 000)	14 981 640	(2 710 360)	Reduced due to inability to raise external funding for Karwyderskraal and financial lease assets being much cheaper than anticipated
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(15 912 974)</b>	<b>14 491 460</b>	<b>(1 421 514)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Borrowing	15 300 000	(15 300 000)	-	External funding for Karwyderskraal Regional Landfill Site could not be raised
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 794 428)	<del>551 338</del>	(871 430)	External funding for Karwyderskraal Regional Landfill Site could not be raised
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>13 505 572</b>	<b>(14 377 002)</b>	<b>(871 430)</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>30 755</b>	<b>(8 248 394)</b>	<b>(9 217 636)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>30 755</b>	<b>(8 248 394)</b>	<b>(9 217 636)</b>	
Cash and Cash Equivalents at the beginning of the year	1 553 713	10 933 515	12 487 228	Provided for improved financial position of municipality
Cash and Cash Equivalents at the end of the year	1 584 469	1 686 122	3 269 580	Provided for improved financial position of municipality

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8,10 and 11 of GRAP 3 (Revised – February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet:

Standard	Description	Effective Date
GRAP 5 (Revised – Feb 2013)	Borrowing Costs	1 April 2014

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of assets could not be determined.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

**1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

**1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely the Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.


The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.





**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

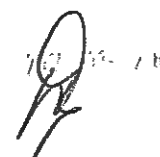
Standard	Description	Effective Date
<b>GRAP 6</b> (Revised – Nov 2010)	<p><b>Consolidated and Separate Financial Statements</b></p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
<b>GRAP 8</b> (Revised – Nov 2010)	<p><b>Interest in Joint Ventures</b></p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
<b>GRAP 18</b> (Original – Feb 2011)	<p><b>Segment Reporting</b></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
<b>GRAP 20</b> (Original – June 2011)	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown

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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

GRAP 32 (Original – Aug 2013)	<b>Service Concession Arrangements: Grantor</b> The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.  No such transactions or events are expected in the foreseeable future.	Unknown
GRAP 100 (Revised – Feb 2013)	<b>Discontinued operation</b> (formerly known as Non-current assets held for sale and Discontinued Operations)  The amendment resulted in that non-current assets held for sale no longer need to be reclassified. Only disclosure will be made in the financial statements relating to the decision to dispose of non-current assets.	1 April 2014
GRAP 105 (Original – Nov 2010)	<b>Transfer of Functions Between Entities Under Common Control</b>  The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.  No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2015
GRAP 106 (Original – Nov 2010)	<b>Transfer of Functions Between Entities Not Under Common Control</b> The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.  No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2015
GRAP 107 (Original – Nov 2010)	<b>Mergers</b> The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.  No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2015
GRAP 108 (Original – Sept 2013)	<b>Statutory Receivables</b> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.	Unknown



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	
IGRAP 11	<b>Consolidation - Special Purpose Entities (SPE)</b> The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.  No significant impact is expected as the Municipality does not have any SPE's at this stage.	Unknown
IGRAP 12	<b>Jointly Controlled Entities non-monetary contributions</b> The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).  No significant impact is expected as the Municipality does not have any JCE's at this stage.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## **1.9. RESERVES**

### **1.9.1 Accumulated Surplus/Deficit**

The accumulated surplus/deficit represents the net difference between the total assets and the total liabilities of the Municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

## **1.10. LEASES**

### **1.10.1 Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method.

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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.10.2 Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

**1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.


Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the

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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met.

**1.13. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.14. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:

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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised..

#### **1.15. EMPLOYEE BENEFITS**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.


Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### **1.15.1 Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1.15.2 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.15.3 Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund.

**1.15.4 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the basic salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**1.15.5 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**1.15.6 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.



#### 1.15.7 Other Short-term Employee Benefits

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

### 1.17.1 Initial Recognition

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1.17.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

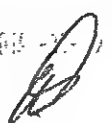
**1.17.3 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	30	Computer equipment	5-15
Electricity	20-30	Other vehicles	20
Water	20-30	Office equipment	6-25
Sewerage	30	Furniture and fittings	7-30
Housing	100	Watercraft	25
		Bins and containers	25-50
<b><u>Community</u></b>		Specialised plant and	
Buildings	50-100	Equipment	5-35
Recreational Facilities	30-100	Other plant and	
Security	5-20	Equipment	5-35
Halls	100	Landfill sites	15-120
Libraries	100	Emergency equipment	5-35
Parks and gardens	30-100		
Other assets	5-35		
<b><u>Finance lease assets</u></b>		<b><u>Land and Buildings</u></b>	
Office equipment	3	Buildings	50-100
Other assets	3		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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**1.17.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18. INTANGIBLE ASSETS**

**1.18.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:


- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**1.18.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.



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**1.18.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	10
Computer Software Licenses	10

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

**1.18.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.19. INVESTMENT PROPERTY**

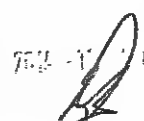
**1.19.1 Initial Recognition**

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.



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Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.19.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.19.3 Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

Investment Property are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

**1.19.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

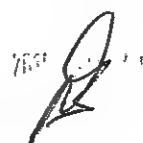
**1.19.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.20. NON-CURRENT ASSETS HELD FOR SALE**

**1.20.1 Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or



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disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### 1.20.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

**A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.**

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## 1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

### 1.21.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur

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when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.21.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - Cessation, or near cessation, of the demand or need for services provided by the asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
  - Evidence is available of physical damage of an asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is



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expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

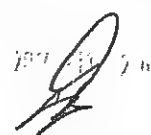
The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have



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decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance..

## **1.22. INVENTORIES**

### **1.22.1 Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.22.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.





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Cost of land held for sale is assigned by using specific identification of their individual costs.

**1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

**1.23.1 Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.23.2 Subsequent Measurement**


Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation. Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

**1.23.2.1 Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of



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Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.23.2.2     Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23.2.3     Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.23.2.4     Non-Current Investments**

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance. The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.23.3     De-recognition of Financial Instruments**

**1.23.3.1     Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

  
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- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.23.3.2      Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.23.4    *Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

**1.24.    REVENUE**

**1.24.1    *Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

  
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Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

**1.24.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.



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- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

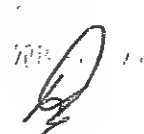
Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.



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When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.25. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the

  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Municipality.** A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

**Management** (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

**Management personnel include:**

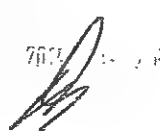
- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.26. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Economic entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

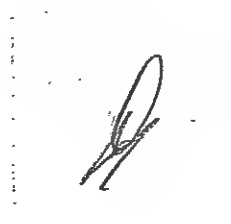
Management judgement is required when recognising and measuring contingent liabilities.

**1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**1.30.1 *Post-retirement medical obligations and Long service awards.***

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.





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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1.30.2 Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1.30.3 Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.30.4 Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

**1.30.5 Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.30.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

**1.30.7 Revenue Recognition**

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.30.8 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

**1.30.9 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**1.30.10 Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.32. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.33. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.



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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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**LONG-TERM LIABILITIES**

	2014 R	2013 R
Annuity Loans - At amortised cost	1 235 231	1 958 300
Capitalised Lease Liability - At amortised cost	1 026 524	809 345
	<b>2 261 755</b>	<b>2 767 645</b>
Current Portion transferred to Current Liabilities	782 765	891 489
Annuity Loans - At amortised cost	455 287	723 069
Capitalised Lease Liability - At amortised cost	327 478	168 419
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>1 478 990</b>	<b>1 876 157</b>

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments
Amounts payable under annuity loans:	
Payable within one year	553 655
Payable within two to five years	890 438
Payable after five years	1 204 273
	<b>325 309</b>
	<b>1 529 581</b>
<b>Less: Future finance obligations</b>	<b>2 420 019</b>
<b>Present value of annuity obligations</b>	<b>294 350</b>
	<b>1 235 231</b>
	<b>1 958 300</b>

Annuity loans at amortised cost is calculated at 13.22% interest rate, with a maturity date of 30 June 2015. The loan is unsecured.

The obligations under finance leases are scheduled below:

	Minimum lease payments
Amounts payable under finance leases:	
Payable within one year	375 231
Payable within two to five years	200 022
	<b>663 875</b>
	<b>1 091 730</b>
<b>Less: Future finance obligations</b>	<b>883 898</b>
<b>Present value of lease obligations</b>	<b>65 206</b>
	<b>1 026 524</b>
	<b>809 345</b>

Leases are secured by property, plant and equipment - Note 10

The capitalised lease liability consists of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Assatech	Copiers	8.5% to 10.16%	0%	3 Years	01 Sep 2013 - 31 Aug 2016
Amazondo	Vehicles	8.5% to 10.16%	0%	3 Years	03 Apr 2013 - 03 Apr 2016

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

3	EMPLOYEE BENEFITS	2014 R	2013 R
	Post Retirement Benefits - Refer to Note 3.1		
	Long Service Awards - Refer to Note 3.2	50 742 798	47 522 303
		3 911 968	3 713 009
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>54 654 766</b>	<b>51 235 312</b>
	<b><u>Post Retirement Benefits</u></b>		
	Balance 1 July		
	Current service cost	50 173 979	48 166 771
	Interest Cost	1 114 168	1 484 626
	Expenditure for the year	4 012 319	3 490 883
	Actuarial Loss / ( Gain )	(2 323 733)	(2 352 755)
		476 288	(615 546)
	<b>Total post retirement benefits 30 June</b>	<b>53 453 022</b>	<b>50 173 979</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	<b>(2 710 224)</b>	<b>(2 651 676)</b>
	<b>Balance 30 June</b>	<b>50 742 798</b>	<b>47 522 303</b>
	<b><u>Long Service Awards</u></b>		
	Balance 1 July		
	Current service cost	4 116 067	3 886 091
	Interest Cost	418 217	423 602
	Expenditure for the year	293 760	238 083
	Actuarial Loss / ( Gain )	(431 550)	(305 415)
		(16 421)	(126 304)
	<b>Total long service 30 June</b>	<b>4 370 073</b>	<b>4 116 067</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	<b>(458 105)</b>	<b>(403 058)</b>
	<b>Balance 30 June</b>	<b>3 911 968</b>	<b>3 713 009</b>
	<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
	Balance 1 July		
	Contribution for the year	54 290 046	52 052 862
	Interest cost	1 532 386	1 908 228
	Expenditure for the year	4 298 079	3 728 976
	Actuarial Loss / ( Gain )	(2 765 283)	(2 658 170)
		459 867	(741 851)
	<b>Total employee benefits 30 June</b>	<b>57 823 095</b>	<b>54 290 046</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	<b>(3 168 329)</b>	<b>(3 054 734)</b>
	<b>Balance 30 June</b>	<b>54 654 766</b>	<b>51 235 312</b>

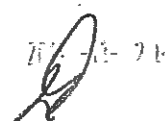
**3.1 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	115	107
Continuation members (e.g. Retirees, widows, orphans)	84	89
<b>Total Members</b>	<b>199</b>	<b>196</b>

The liability in respect of past service has been estimated to be as follows:

	2014 R	2013 R
In-service members	18 182 623	14 448 503
Continuation members	35 270 399	35 725 476
<b>Total Liability</b>	<b>53 453 022</b>	<b>50 173 979</b>



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
In-service members	13 165 926	10 271 948	8 971 495
Continuation members	35 000 645	32 199 354	25 920 761
<b>Total Liability</b>	<b>48 166 771</b>	<b>42 471 302</b>	<b>34 892 256</b>

Experience adjustments were calculated as follows:

	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	349 000	491 000	(7 000)
Assets: Gain / (loss)	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health;  
Samwumedi; and  
Keyhealth.

Key actuarial assumptions used:

**i) Rate of interest**

Discount rate	8.72%	8.21%
Health Care Cost Inflation Rate	7.99%	7.42%
Net Effective Discount Rate	0.67%	0.74%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

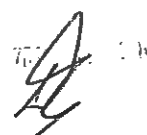
The amounts recognised in the Statement of Financial Position are as follows:

	2014 R	2013 R
Present value of fund obligations	50 742 798	47 522 303
<b>Net liability/(asset)</b>	<b>50 742 798</b>	<b>47 522 303</b>

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	50 173 979	48 166 771
Total expenses	2 802 755	2 622 754
Current service cost	1 114 169	1 484 626
Interest Cost	4 012 319	3 490 883
Benefits Paid	(2 323 733)	(2 352 755)
Actuarial losses	476 288	(615 546)
Present value of fund obligation at the end of the year	53 453 022	50 173 979
<b>Less: Transfer of Current Portion - Note 6</b>	<b>(2 710 224)</b>	<b>(2 651 676)</b>
<b>Balance 30 June</b>	<b>50 742 798</b>	<b>47 522 303</b>



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Sensitivity Analysis on the Accrued Liability**

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		18.183	35.270	53.453	
The effect of movements in the assumptions are as follows:					
Health care inflation	1%	22.151	38.781	60.932	14%
Health care inflation	-1%	15.047	32.218	47.265	-12%
Discount rate	1%	15.090	32.261	47.351	-11%
Discount rate	-1%	22.164	38.793	60.957	14%
Post-retirement mortality	-1 year	18.829	36.809	55.638	4%
Average retirement age	-1 year	19.699	35.270	54.969	3%
Continuation of membership at retirement	-10%	16.492	35.270	51.762	-3%

Assumption	Change	Current-service Cost (Rm)	Interest Cost (Rm)	Total (Rm)	% change
Central Assumptions		1.114	4.012	5.127	
The effect of movements in the assumptions are as follows:					
Health care inflation	1%	1.376	4.585	5.961	16%
Health care inflation	-1%	0.910	3.538	4.448	-13%
Post-retirement mortality	-1 year	1.152	4.178	5.329	4%
Average retirement age	-1 year	1.226	4.111	5.337	4%
Withdrawal rate	-50%	1.256	4.120	5.376	5%

**3.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	279	283
	2014	2013
Key actuarial assumptions used:		
i) Rate of Interest		
Discount rate	7.90%	7.24%
General Salary Inflation (long-term)	7.08%	6.78%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.76%	0.44%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amounts recognised in the Statement of Financial Position are as follows:

	2014 R	2013 R
Present value of fund obligations	3 911 968	3 713 009
Net liability	3 911 968	3 713 009

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
Total Liability	3 886 091	3 417 827	2 455 178

Experience adjustments were calculated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	60 179	(46 194)	9 744
Assets: Gain / (loss)	-	-	254 596

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year
Total expenses
Current service cost
Interest Cost
Benefits Paid
Actuarial losses
Present value of fund obligation at the end of the year
<u>Loss:</u> Transfer of Current Portion - Note 6
Balance 30 June

2014 R	2013 R
4 116 067	3 886 091
270 427	356 280
418 217	423 602
283 760	238 093
(431 550)	(305 415)
(16 421)	(126 304)
4 370 073	4 116 067
(458 105)	(403 058)
3 911 968	3 713 009

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (Rm)	% change
Central assumptions		4.370	
The effect of movements in the assumptions are as follows:			
General salary inflation	1%	4.648	6%
General salary inflation	-1%	4.118	-6%
Discount rate	1%	4.105	-6%
Discount rate	-1%	4.667	7%
Average retirement age	-2 yrs	3.606	-17%
Average retirement age	2 yrs	5.072	16%
Withdrawal rates	-50%	4.999	14%

Assumption	Change	Current-service Cost (Rm)	Interest Cost (Rm)	Total (Rm)	% change
Central Assumption		0.418	0.284	0.702	
The effect of movements in the assumptions are as follows:					
General Salary Inflation	1%	0.443	0.304	0.746	6%
General Salary Inflation	-1%	0.397	0.266	0.663	-6%
Average retirement age	-2 year	0.374	0.236	0.610	-13%
Average retirement age	+2 year	0.459	0.328	0.787	12%
Withdrawal Rates	-50%	0.506	0.328	0.833	19%

**3.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in the principles of GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential is not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

**CAPE JOINT PENSION FUND**


The contribution rate payable is 9% by members and 23.06% by Council. The latest available actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99.7% (30 June 2012 - 99.4%).

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The latest available actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105.1% (30 June 2012 - 108.0%).

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Municipal Council Pension Fund, Cape Joint Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.





**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

4	NON-CURRENT PROVISIONS	2014 R	2013 R
	Provision for Rehabilitation of Landfill-sites	7 838 715	7 210 784
	<u>Landfill Sites</u>		
	Balance 1 July	7 210 784	6 644 290
	Unwinding of discounted interest	627 931	566 494
	Balance 30 June	7 838 715	7 210 784

The municipality has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	2014 R	2013 R
Karwyderskraal	2042		
Provision for Rehabilitation of Landfill-sites		7 838 715	7 210 784
<b>Total Non-current Provisions</b>		7 838 715	7 210 784

5	CONSUMER DEPOSITS	2014 R	2013 R
	Electricity	11 820	17 590
	<b>Total Consumer Deposits</b>	11 820	17 590

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

The decline in deposits can be attributed to the fact that a number of residents at Dennehof Resort did not renew their rental agreements.

6	CURRENT EMPLOYEE BENEFITS	2014 R	2013 R
	Current Portion of Post Retirement Benefits - Note 3	2 710 224	2 651 676
	Current Portion of Long-Service Provisions - Note 3	458 105	403 058
	Staff Leave	3 430 708	2 987 959
	Bonuses	1 406 502	1 292 796
	<b>Total Current Employee Benefits</b>	8 005 540	7 335 489

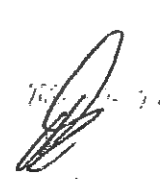
The movement in current employee benefits are reconciled as follows:

<u>Staff Leave</u>	2014 R	2013 R
Balance at beginning of year	2 987 959	2 770 862
Contribution to current portion	599 013	414 541
Expenditure Incurred	(156 264)	(197 443)
Balance at end of year	3 430 708	2 987 959

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

<u>Bonuses</u>	2014 R	2013 R
Balance at beginning of year	1 292 796	1 198 833
Contribution to current portion	3 067 098	2 826 698
Expenditure Incurred	(2 953 391)	(2 732 736)
Balance at end of year	1 406 502	1 292 796

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>7 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	632 211	614 890
Balance Previously Reported		608 883
Correction of error - Refer to Note 28.01		6 007
	442 575	468 021
Payments received in advance	1 039 740	-
Retentions and Guarantees	30 735	41 270
Sundry Deposits	124 753	103 036
Suspense Accounts		
<b>Total Trade Payables</b>	<b>2 270 014</b>	<b>1 227 217</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

The municipality received a financial guarantee of R 1 039 740 (2013 - R nul) from the Department of Transport and Public Works for the rehabilitation of land.

Sundry deposits represents housing rent deposits.

The municipality did not default on any of their payables.

<b>8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	8 773 564	10 845 303
Unspent Grants	8 773 564	10 845 303
Provincial Government Grants		
<b>Total Conditional Grants and Receipts</b>	<b>8 773 564</b>	<b>10 845 303</b>
Balance Previously Reported		10 951 310
Correction of error - Refer to Note 28.02		(6 007)
		<b>10 845 303</b>

See appendix "D" for reconciliation of grants from other spheres of government. The municipality recognised revenue to the extent of conditions attached to all grants complied with. No grants were withheld.

<b>9 TAXES</b>		
<b>9.1 VAT PAYABLE</b>		
	113 105	136 742
VAT Payable	113 105	136 742
Total Vat payable		
<b>9.2 VAT RECEIVABLE</b>		
	312 356	271 407
VAT Receivable	312 356	271 407
Total VAT receivable		
<b>9.3 NET VAT RECEIVABLE/(PAYABLE)</b>	<b>199 251</b>	<b>134 655</b>
VAT is receivable/payable on the cash basis.		



OVERBERG DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Leased Assets R	Other Assets R	Total R
Carrying value at 1 July 2013	10 793 701	14 215 237	1 325 792	784 204	13 222 225	40 341 158
Cost	12 312 853	24 398 399	1 507 112	821 872	21 359 503	60 399 738
Original Cost	12 312 853	24 398 399	1 507 112	821 872	21 359 503	60 399 738
Accumulated Depreciation	(1 519 152)	(10 183 162)	(181 320)	(37 669)	(8 137 277)	(20 058 580)
Original Cost	(1 519 152)	(10 183 162)	(181 320)	(37 669)	(8 137 277)	(20 058 580)
Acquisitions	-	170 978	14 800	515 244	1 279 634	1 980 657
Capital under Construction	-	-	-	-	-	-
Committed for fire truck R 696046.	-	-	-	-	653 954	653 954
Transfers from/(to) Investment Properties	(111 000)	-	-	-	-	(111 000)
Cost	(111 000)	-	-	-	-	(111 000)
Impairments	-	-	-	-	(539 626)	(539 626)
Cost	-	-	-	-	(539 626)	(539 626)
Accumulated Depreciation	-	-	-	-	(1 068 124)	(1 068 124)
Depreciation	(77 091)	(793 728)	(135 271)	(298 344)	(687 677)	(1 992 111)
Normal Depreciation	(77 091)	(793 728)	(135 271)	(298 344)	(687 677)	(1 992 111)
Carrying value of disposals	(87 898)	-	-	-	-	(87 898)
Cost	(87 898)	-	-	-	-	(87 898)
Carrying value at 30 June 2014	10 517 712	13 592 487	1 205 320	1 001 104	13 826 511	40 245 133
Cost	12 113 955	24 569 377	1 521 912	1 337 117	23 293 091	62 835 451
Original Cost	12 113 955	24 569 377	1 521 912	1 337 117	23 293 091	62 835 451
Accumulated Impairments	-	-	-	-	(539 626)	(539 626)
Original Cost	-	-	-	-	(539 626)	(539 626)
Accumulated Depreciation	-	-	-	-	(1 068 124)	(1 068 124)
Accumulated Depreciation	(1 596 243)	(10 976 890)	(316 592)	(336 013)	(8 824 954)	(22 050 691)
Original Cost	(1 596 243.20)	(10 976 890)	(316 592)	(336 013)	(8 824 954)	(22 050 691)

The leased property, plant and equipment are secured as set out in note 2

78/11/14

30 June 2013

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Leased Assets R	Other Assets R	Total R
Carrying value at 30 June 2012	11 188 573	15 026 660	1 309 032	1 024 194	14 015 872	42 564 332
Cost	12 645 853	24 392 732	1 473 492	1 163 569	21 554 648	61 230 294
Original Cost	12 645 853	24 392 732	1 473 492	3 883 077	21 030 646	63 425 799 70
Correction of Error - Refer to Note 28.09	-	-	-	(2 719 508)	524 002	(2 195 506 05)
Accumulated Depreciation	(1 457 280)	(9 366 071)	(164 460)	(139 375)	(7 538 776)	(18 665 962)
Original Cost	(1 457 280)	(9 366 071)	(164 460)	(2 681 413)	(7 306 061)	(20 975 285)
Correction of Error - Refer to Note 28.09	-	-	-	2 542 038	(232 715)	2 309 323
Acquisitions	-	5 667	33 620	821 872	523 101	1 384 260
Transfers from/(to) Non-current Assets Held for Sale - Note	(317 833)	-	-	-	(62 128)	(379 961)
Cost	(333 000)	-	-	-	(120 727)	(453 727)
Accumulated Depreciation	15 167	-	-	-	58 599	73 766
Depreciation	(77 039)	(817 090)	(16 861)	(630 423)	(776 396)	(2 317 809)
Normal Depreciation	(77 039)	(817 090)	(16 861)	(630 423)	(776 396)	(2 317 809)
Carrying value of disposals	-	-	-	(431 440)	(478 223)	(909 663)
Cost	-	-	-	(1 163 569)	(597 519)	(1 761 088)
Accumulated Depreciation	-	-	-	732 129	118 296	851 424
Carrying value at 30 June 2013	10 793 701	14 215 237	1 325 792	784 204	13 222 225	40 341 158
Cost	12 312 853	24 398 399	1 507 112	821 872	21 359 503	60 399 738
Original Cost	12 312 853	24 398 399	1 507 112	821 872	21 359 503	60 399 738
Accumulated Depreciation	(1 519 152)	(10 183 162)	(181 320)	(37 669)	(8 137 277)	(20 058 580)
Original Cost	(1 519 152)	(10 183 162)	(181 320)	(37 669)	(8 137 277)	(20 058 580)

Reconciliation of non-current assets transferred to assets held for sale	Land and Buildings R	Infrastructure R	Community assets R	Lease assets R	Other assets R	Total R
Total value of non-current assets held for sale as at 30 June 2013 - Balance previously reported	1 711 858	-	-	-	62 128	1 773 986
Correction of error - Refer to Note 28.10	(25 498)	-	-	-	-	(25 498)
Total value of non-current assets held for sale as at 30 June 2013 - Restated balance	1 686 360	-	-	-	62 128	1 748 488
Less: Sold during 2013/14	1 636 355	-	-	-	-	1 636 355
Total value of non-current assets held for sale as at 30 June 2014	50 005	-	-	-	62 128	112 133

Reconciliation of gains on disposal of PPE	Land and Buildings	Infrastructure	Community assets	Lease assets	Other assets	Total
Carrying value of assets sold during 2013/14	1 724 253	-	-	-	-	1 724 253
Proceeds on sale of non-current assets held for sale	2 138 007	-	-	-	-	2 138 007
Advertising costs and costs of value on properties	6 271	-	-	-	-	6 271
Gains on disposal of non-current assets held for sale	407 482	-	-	-	-	407 482

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**11 INVESTMENT PROPERTY**

Net Carrying amount at 1 July  
Transfers from Property, Plant and equipment - Note 10  
Net Carrying amount at 30 June  
Cost

2014 R	2013 R
-	-
111 000	-
111 000	-
111 000	-

The property transferred from Property, Plant and Equipment relates to the Buffeljachts resort. Due to the fact that the property is totally covered by sand dunes, the property was classified as Investment Property with unidentified use.

No rental revenue was derived from any investment properties in the current year.

No repairs and maintenance cost were incurred on any investment properties in the current year.

**12 INTANGIBLE ASSETS**

**Computer Software**

Net Carrying amount at 1 July

Cost  
Accumulated Amortisation

Additions  
Amortisation

Net Carrying amount at 30 June

Cost  
Accumulated Amortisation

2014	2013
342 978	344 300
788 520	727 475
(445 542)	(383 175)
-	61 045
(68 083)	(62 367)
274 895	342 978
788 520	788 520
(513 624)	(445 542)

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation through	Carrying Value 2014 R	2013 R
Microsoft Office and Windows software	5	274 895	342 978

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

**13 CAPITALISED RESTORATION COST**

Net Carrying amount at 1 July

Cost  
Accumulated Depreciation  
Accumulated Impairments

Depreciation  
Impairment

Net Carrying amount at 30 June

Cost  
Accumulated Depreciation  
Accumulated Impairments

Capitalised restoration costs relates to the rehabilitation of landfill sites which forms part of Land & Buildings as part of Property, Plant & Equipment.

2014	2013
1 644 223	1 710 913
2 402 151	2 402 151
(652 176)	(595 479)
(105 752)	(85 760)
(56 827)	(56 687)
3 755	(9 992)
1 591 152	1 644 223
2 402 151	2 402 151
(709 003)	(652 176)
(101 995)	(105 752)

**14 INVENTORY**

Maintenance Materials - At cost

Printing & Stationery  
Fuel & Oil  
Spare Parts  
Grader Blades  
Clearing Materials  
Other

Total Inventory

2014	2013
1 039 175	924 616
17 262	28 763
673 329	744 820
28 468	32 247
99 883	65 744
9 905	21 125
10 328	31 915
1 039 175	924 616

777 262 8

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

15

**RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2014 R	2013 R
Electricity	44 984	62 379
Water	17 729	11 555
Refuse	9 619	11 373
Housing rental	222 862	337 067
Sewerage	6 604	867
Creditors paid in advance	387 581	363 007
Balance Previously Reported		351 342
Correction of error - Refer to Note 28.03		11 665
Provincial health function		
Balance Previously Reported		9 063
Correction of error - Refer to Note 28.03		(9 063)
<b>Total Receivables from Exchange Transactions</b>	<b>689 390</b>	<b>786 247</b>
Less: Allowance for Doubtful Debts	(187 958)	(344 085)
<b>Total Net Receivables from Exchange Transactions</b>	<b>501 432</b>	<b>442 162</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	10 241	16 669
31 - 60 Days	5 869	9 429
61 - 90 Days	3 145	2 453
+ 90 Days	25 729	33 828
<b>Total</b>	<b>44 984</b>	<b>62 379</b>

(Water): Ageing

Current (0 - 30 days)	3 575	2 939
31 - 60 Days	2 851	1 798
61 - 90 Days	1 806	563
+ 90 Days	9 497	6 254
<b>Total</b>	<b>17 729</b>	<b>11 555</b>

(Refuse): Ageing

Current (0 - 30 days)	1 947	2 246
31 - 60 Days	1 388	1 618
61 - 90 Days	1 105	530
+ 90 Days	5 179	6 979
<b>Total</b>	<b>9 619</b>	<b>11 373</b>

(Sewerage): Ageing

Current (0 - 30 days)	737	460
31 - 60 Days	737	241
61 - 90 Days	491	166
+ 90 Days	4 640	-
<b>Total</b>	<b>6 604</b>	<b>867</b>

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**(Housing rental): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days  
**Total**

2014 R	2013 R
29 100	30 035
19 850	20 164
21 500	9 000
152 412	277 867
<b>222 862</b>	<b>337 067</b>

**Creditors paid in advance**

Current (0 - 30 days)

387 591	363 007
<b>387 591</b>	<b>363 007</b>

**(Total): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days  
**Total**

433 192	415 356
30 695	33 251
28 048	12 712
197 456	324 929
<b>689 390</b>	<b>786 247</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year  
 Contribution to provision/(Reversal of provision)  
 Bad Debts Written Off  
**Balance at end of year**

344 085	4 256 639
61 095	(3 879 554)
(217 221)	(33 000)
<b>187 958</b>	<b>344 085</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

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**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

**Other Receivables**

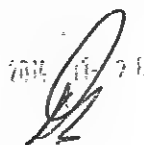
Provincial health function  
 Balance Previously Reported  
 Correction of error - Refer to Note 28.04  
 Electricity Deposits - Provincial clinics  
 Legal fees  
 Sundry Debtors  
 Suspense Debtors

1 968 735	2 332 209
39 906	9 063
-	-
-	9 063
3 874	3 874
81 416	34 035
1 550 937	1 835 247
292 602	449 990
<b>1 968 735</b>	<b>2 332 209</b>
(628 163)	(874 987)
<b>1 340 572</b>	<b>1 457 221</b>

**Total Receivables from Non-Exchange Transactions**  
 Less: Allowance for Doubtful Debts

**Total Net Receivables from Non-Exchange Transactions**

2014 06 26



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>Reconciliation of Provision for Bad Debts</b>		
Balance at beginning of year	874 987	224 637
Contribution to provision/(Reversal of provision)	269 232	753 019
Bad Debts Written Off	(516 056)	(102 669)
<b>Balance at end of year</b>	<b>628 163</b>	<b>874 987</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

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**CASH AND CASH EQUIVALENTS**

<b>Assets</b>	7 693 030	-
Call Investments and Other Deposits	7 012 571	12 483 278
Bank Accounts	3 950	3 950
Cash Floats	14 709 560	12 487 228
<b>Total Cash and Cash Equivalents - Assets</b>	<b>14 709 560</b>	<b>12 487 228</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

**Current Accounts**

Cash book balance at beginning of year	12 483 278	-
Cash book balance at end of year	7 012 571	12 483 278

**ABSA - Account Number 1780000062**

Bank statement balance at beginning of year	213 944	656 214
Bank statement balance at end of year	7 059 622	213 944

**FNB - Account Number 62270707412**

Bank statement balance at beginning of year	12 356 430	(2 740 429)
Bank statement balance at end of year	237 129	12 356 430

**Call Investments and Other Deposits**

Call investments and other deposits consist out of the following accounts:

ABSA Depositor Plus - Account Number 92 8755 1045	6 566 087	-
ABSA Depositor Plus - Account Number 92 8755 0841	1 126 942	-
	7 693 030	-





**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

18	GOVERNMENT GRANTS AND SUBSIDIES	2014 R	2013 R
	<b>Unconditional Grants</b>	46 637 000	43 926 000
	Equitable Share	46 637 000	43 926 000
	<b>Conditional Grants</b>	55 109 205	44 408 076
	Grants and donations	4 372 646	3 112 733
	Subsidies	50 736 559	41 295 343
	<b>Total Government Grants and Subsidies</b>	<b>101 746 205</b>	<b>88 334 076</b>
	<u>Disclosed as:</u>		
	Revenue from non-exchange transactions	51 124 301	47 244 520
	Revenue from exchange transactions (Road Subsidy)	50 621 904	41 089 556
	<b>Total Government Grants and Subsidies</b>	<b>101 746 205</b>	<b>88 334 076</b>
	Balance previously reported ( revenue from non-exchange transactions )		47 141 626
	Correction of error - Refer to Note 29		102 894
			<b>47 244 520</b>
	Balance previously reported ( revenue from exchange transactions )		41 186 443
	Correction of error - Refer to Note 29		(96 887)
			<b>41 089 556</b>
	The municipality does not expect any significant changes to the level of grants.		
18.1	<b>Equitable share</b>		
	Opening balance	-	-
	Grants received	46 637 000	43 926 000
	Conditions met	(46 637 000)	(43 926 000)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
18.2	<b>Health and Road Subsidy</b>		
	Opening balance	8 153 997	-
	Grants received	48 645 080	49 449 341
	Conditions met	(50 736 559)	(41 295 343)
	Conditions still to be met	6 062 518	8 153 997
	Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality. The road subsidy is utilised to upgrade the provincial road network in the municipal area.		
18.3	<b>Local Government Financial Management Grant (FMG)</b>		
	Opening balance	-	(32 422)
	Grants received	1 250 000	1 250 000
	Conditions met	(1 250 000)	(1 007 578)
	Grants repaid to National Treasury		(210 000)
	Conditions still to be recovered	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>18.4 Municipal Systems Improvement Grant</b>		
Opening balance	890 000	(9 110)
Grants received	(890 000)	1 000 000
Conditions met		(963 890)
Grants repaid to National Treasury		(27 000)
Conditions still to be recovered	-	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>18.5 Other Grants</b>		
Opening balance	2 791 306	2 111 705
Grants received	2 152 387	1 772 641
Interest received	-	48 224
Conditions met	(2 232 646)	(1 141 265)
Conditions still to be met	2 711 045	2 791 306
Various grants were received from other spheres of government.		
<b>18.6 Total Grants</b>		
Opening balance	10 945 303	2 070 173
Grants received	99 574 466	97 397 982
Interest received	-	48 224
Conditions met	(101 746 205)	(88 334 076)
Grants repaid to National Treasury		(237 000)
Conditions still to be met/(Grant expenditure to be recovered)	8 773 564	10 845 303
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	8 773 564	10 945 303
	8 773 564	10 945 303
<b>19 SERVICE CHARGES</b>		
Refuse removal	27 798	33 259
Water, Electricity and Sewerage	617 865	588 086
	645 663	621 345
<b>Total Service Charges</b>	645 663	621 345
<b>20 OTHER INCOME</b>		
Sundry income	568 233	548 593
Reversal of debt impairment	-	3 879 554
<b>Total Other Income</b>	568 233	4 428 147
Balance previously reported		3 675 127
Correction of error - Refer to Note 28.05		753 019
		4 428 147

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) and fees for items not included under service charges (camping, fire brigade and impounding fees)



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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**EMPLOYEE RELATED COSTS**

	2014 R	2013 R
Salaries and Wages		
Bargaining Council Levy	44 989 563	41 441 081
Bonus	22 162	21 313
Contributions for UIF, pensions and medical aids	3 067 098	2 826 698
Group Life Insurance	9 749 232	9 009 323
Housing Subsidy	871 226	807 374
Leave Reserve Fund	162 153	192 289
Long service awards	599 013	414 541
Overtime	701 977	661 695
Post Employment Health	1 364 977	1 009 612
Skills development levy	5 126 488	4 975 509
Travel, motor car, telephone, assistance and other allowances	491 762	437 422
Workmen's Compensation Contributions	4 842 414	3 686 761
<b>Total Employee Related Costs</b>	<b>72 504 824</b>	<b>65 870 591</b>
Balance previously reported		
Operating Grant Expenditure incorrectly not disclosed in line with the nature of the item - Refer to Note 29		52 276 396
Reclassification of Employee Related Costs from Repairs and Maintenance of Roads - Refer to Note 28.07		1 023 700
		<b>12 570 495</b>
		<b>65 870 591</b>

**KEY MANAGEMENT PERSONNEL**

Municipal Manager and all other Directors are appointed on fixed term contracts.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

**Remuneration of the Municipal Manager - Mr MP Du Plessis ( 1 July 2013 - 13 November 2013 )**

Annual Remuneration	324 639	845 700
Lump sum : Settlement	369 364	-
Housing Subsidy	849	1 907
Travelling , car and other allowances	7 285	34 455
Contributions to UIF, Medical, Pension Funds and Bargaining Council	87 150	195 424
<b>Total</b>	<b>789 286</b>	<b>1 077 486</b>

**Remuneration of the Municipal Manager - Mr DP Beretti ( 18 November 2013 - 30 June 2014 )**

Annual Remuneration	647 375	-
Travelling , car and other allowances	42 899	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	8 055	-
<b>Total</b>	<b>698 329</b>	<b>-</b>

**Remuneration of the Manager Municipal Health - Mr WA Du Toit**

Annual Remuneration	331 092	309 114
Acting allowance as Director Community Services and Municipal Manager	124 056	135 036
Annual Bonus	27 591	25 824
Travelling , car and other allowances	169 160	176 874
Contributions to UIF, Medical, Pension Funds and Bargaining Council	103 620	96 107
<b>Total</b>	<b>755 550</b>	<b>742 957</b>

**Remuneration of the Director Management Services / CFO - Mr JCP Tesselaar ( 1 February 2014 - 30 June 2014 )**

Annual Remuneration	343 000	-
Travelling , car and other allowances	34 920	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	4 492	-
<b>Total</b>	<b>382 412</b>	<b>-</b>



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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**REMUNERATION OF COUNCILLORS**

Mayor  
Deputy Mayor  
Speaker  
Mayoral Committee Members  
Councillors

**Total Councillors' Remuneration**

**In-kind Benefits**

The Executive Mayor and all the committee members are full-time. The Mayoral Committee Members are provided with secretarial support and an office at the cost of the Council.

**Remuneration of the Mayor - Mr L De Bruyn**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data  
Contributions to Medical, Pension Funds

**Total**

**Remuneration of the Deputy Mayor - Mr J Du Toit Loubser**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data  
Contributions to Medical, Pension Funds

**Total**

**Remuneration of the Speaker - Mr D Du Toit**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data

**Total**

**Remuneration of the member of the EMC - Mr A Franken**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data

**Total**

**Remuneration of the member of the EMC - Mr IM Sileku**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data

**Total**

**Remuneration of the member of the EMC - Mr KJ Tiemie**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data

**Total**

**Remuneration of the member of the EMC - Mr LD Oosthuizen**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data

**Total**

**Remuneration of other Councillors**

Annual Remuneration  
Travelling , car and other allowances  
Cellphone and Data  
Contributions to Medical, Pension Funds

**Total**

2014 R	2013 R
832 546	632 094
452 134	347 265
697 340	544 619
1 443 314	1 356 090
1 719 121	1 099 228
<b>5 144 455</b>	<b>3 979 297</b>
608 128	428 240
121 766	121 666
23 388	17 952
79 264	64 236
<b>832 546</b>	<b>632 094</b>
284 687	197 287
126 979	113 629
5 787	6 756
34 680	29 593
<b>452 134</b>	<b>347 265</b>
472 515	349 653
200 637	177 014
23 988	17 952
<b>697 340</b>	<b>544 619</b>
442 982	327 801
187 186	154 153
23 388	17 952
<b>653 557</b>	<b>499 906</b>
260 721	186 682
110 629	74 976
5 787	6 756
<b>377 137</b>	<b>276 414</b>
260 721	186 682
118 829	96 576
5 787	6 756
<b>385 337</b>	<b>300 014</b>
25 903	180 289
	84 582
1 380	12 885
<b>27 283</b>	<b>277 757</b>
1 128 672	704 679
414 951	292 016
135 357	55 323
40 141	47 209
<b>1 719 121</b>	<b>1 099 228</b>

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		2014 R	2013 R
<b>23</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions - Note 15	61 095	-
	Receivables from non-exchange transactions - Note 16	269 232	753 019
	<b>Total Contribution to Debt Impairment</b>	<u>330 327</u>	<u>753 019</u>
	Balance previously reported		-
	Correction of error - Refer to Note 28.06		753 019
			<u>753 019</u>
<b>24</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	1 992 111	2 317 809
	Landfill Site	56 827	56 697
	Intangible Assets	68 083	62 367
		<u>2 117 020</u>	<u>2 436 873</u>
<b>25</b>	<b>IMPAIRMENTS</b>		
	Landfill Site	(3 755)	9 992
	Property, Plant and Equipment	539 626	-
		<u>535 871</u>	<u>9 992</u>
	Landfill Site Impairments for the year 2012/13	9 992	
	Landfill Site reversal of impairments for the year 2013/14	(3 755)	

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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		2014 R	2013 R
26	<b>FINANCE CHARGES</b>		
	Long-term Liabilities	167 369	240 073
	Finance leases	65 927	66 059
	Landfill Site	627 931	566 494
	SARS audit	-	519 837
	<b>Total finance charges</b>	<b>861 226</b>	<b>1 392 464</b>
27	<b>GENERAL EXPENSES</b>		
	Audit Fees	2 187 235	1 712 487
	Bank Charges	51 635	64 437
	Blades	375 877	343 866
	Burning Fuel	367 104	321 612
	Cleaning materials	87 940	68 464
	Equipment rental	28 355	1 050 748
	Fuel Cost	8 930 942	8 139 182
	Insurance	516 927	457 944
	Legal Cost	574 249	71 238
	Membership Fees	444 637	418 066
	Balance Previously Reported	-	429 730
	Correction of error - Refer to Note 28.07	-	(11 665)
	Municipal services	4 117 442	4 131 838
	Oil	182 060	153 895
	Printing and stationery	329 811	180 075
	Professional Fees	2 887 231	2 985 176
	Safety clothes	411 513	302 723
	Security services	5 046	4 181
	Standby Chopper	475 451	533 315
	Telephone	1 448 423	1 451 477
	Training	461 361	160 679
	Travel and subsistence	221 622	288 262
	Tyres	1 291 669	858 806
	Other	1 557 542	1 548 567
	<b>General Expenses</b>	<b>26 954 071</b>	<b>26 227 039</b>
			2013 R
28	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
	Certain errors were detected which relates to prior years and were also restated retrospectively. The effects of these restatements are listed below.		
28.01	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Balance previously reported		1 221 210
	Correction of Creditor not paid - Refer to Note 7		6 007
			<b>1 227 217</b>



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>28.02</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>2013</b> <b>R</b>
	Balance previously reported	10 951 310
	Correction of Creditor not paid - Refer to Note 8	(6 007)
		<u>10 945 303</u>
<b>28.03</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	
	Balance previously reported	439 560
	Correction of SALGA Membership Fees - Refer to Note 15	11 665
	Correction of Provincial Health Function transferred to Receivables from Non Exchange transactions - Refer to Note 15	(9 053)
		<u>442 162</u>
<b>28.04</b>	<b>RECEIVABLES FROM NON EXCHANGE TRANSACTIONS</b>	
	Balance previously reported	1 448 158
	Correction of Provincial Health Function transferred from Receivables from Exchange transactions - Refer to Note 16	9 063
		<u>1 457 221</u>
<b>28.05</b>	<b>OTHER INCOME</b>	
	Balance previously reported	3 676 127
	Correction of Other Income due to incorrect offsetting of Debt Impairment on Receivables - Refer to Note 20	753 019
		<u>4 428 147</u>
<b>28.06</b>	<b>DEBT IMPAIRMENT</b>	
	Balance previously reported	-
	Correction of Debt Impairment on Receivables incorrectly included under Other Revenue - Refer to Note 23	753 019
		<u>753 019</u>
<b>28.07</b>	<b>REPAIRS AND MAINTENANCE</b>	
	Balance previously reported	20 040 801
	Reclassification of Employee Related Costs from Repairs and Maintenance of Roads - Refer to Note 21	(12 570 495)
	Correction of Creditor not paid - Refer to Note 7	6 007
		<u>7 476 313</u>
<b>28.08</b>	<b>GENERAL EXPENSES</b>	
	Balance previously reported	24 537 161
	Correction of SALGA Membership Fees - Refer to Note 27	(11 665)
		<u>24 525 487</u>
<b>28.09</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	
	Balance previously reported	40 227 342
	Correction of Assets - First time recognition on 30 June 2012 - Refer to Note 10	524 002
	Correction of Depreciation - Assets first time recognised on 30 June 2012 - Refer to Note 10	(232 715)
	Correction of Assets - Disposal of lease assets returned on 30 June 2012 - Refer to Note 10	(2 719 508)
	Correction of Depreciation - Calculated for 5 years in stead of 3 years on 30 June 2012 - Refer to Note 10	2 542 038
		<u>40 341 158</u>
<b>28.10</b>	<b>ACCUMULATED DEFICIT</b>	
	Balance previously reported	23 276 498
	Correction of Assets - Incorrectly treated as assets held for sale on 30 June 2012 - Refer to Note 10	25 498
	Correction of Assets - First time recognised on 30 June 2012 - Refer to Note 10	(524 002)
	Correction of Depreciation - Assets first time recognised on 30 June 2012 - Refer to Note 10	232 715
	Correction of Assets - Disposal of lease assets returned on 30 June 2012 - Refer to Note 10	2 719 508
	Correction of Depreciation - Calculated for 5 years in stead of 3 years on 30 June 2012 - Refer to Note 10	(2 542 038)
		<u>23 188 179</u>

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

29

**STATEMENT OF FINANCIAL PERFORMANCE**

	2013 R
Balance previously reported	1 959 913
Correction of SALGA Membership Fees on 30 June 2013 - Refer to Note 28.08	11 665
Correction of Grants and Subsidies (Revenue from Exchange transactions) - Refer to Note 18	6 007
Correction of Repairs and Maintenance - Refer to Note 28.07	(6 007)
Reclassification of Employee Related Costs from Repairs and Maintenance of Roads	-
Effect on Employee Related Costs - Refer to Note 21	12 570 495
Effect on Repairs and Maintenance - Refer to Note 28.07	(12 570 495)
Correction of Health Subsidy incorrectly included under Revenue from Exchange Transactions	-
Effect on Revenue from Non-Exchange transactions - Refer to Note 18	102 894
Effect on Revenue from Exchange transactions - Refer to Note 18	(102 894)
Operating grant expenditure incorrectly not disclosed in line with the nature of the item	-
Effect on Other Operating Grant Expenditure	(2 031 226)
Effect on Employee Related Costs	1 023 700
Effect on Repairs and Maintenance	305 974
Effect on General Expenses	701 552
Correction of Debt Impairment on Receivables incorrectly included under Other Revenue	-
Effect on Other Revenue - Refer to Note 20	753 019
Effect on Debt Impairment - Refer to Note 23	(753 019)
<b>Total</b>	<b>1 971 677</b>

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**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

	2014 R	2013 R
Surplus/(Deficit) for the year	(2 475 278)	1 971 577
<b>Adjustments for:</b>		
Depreciation	2 048 938	2 374 506
Amortisation of Intangible Assets	68 083	62 367
Loss on disposal of property, plant and equipment	-	841 213
Gain on disposal of property, plant and equipment	(407 482)	(816 282)
Debt Impairment	330 327	753 019
Bad debts written off	(733 278)	(135 669)
Contribution to bonuses	113 706	93 963
Contribution to staff leave	442 749	217 098
Contribution from/to employee benefits	5 828 465	5 637 204
Unwinding of Interest on Provision for Landfill Sites	627 931	566 494
Non-current Employee benefits - expenditure incurred	(2 755 283)	(2 658 170)
Actuarial Losses / ( Gains )	459 867	(741 851)
Fair Value losses	-	15 310
Net Impairment written off	535 871	9 992
Reversal of debt impairment	-	(3 879 554)
Grants Received	99 574 466	97 397 982
Grants Expenditure	(101 746 205)	(88 334 076)
Fair Value gains	-	(42 288)
Interest received (Directly attributed to funds)	-	48 224
Grants repaid to National Treasury	-	(237 000)
Operating Surplus/(Deficit) before changes in working capital	1 912 875	13 144 049
Changes in working capital	1 323 982	1 340 434
Increase/(Decrease) in Trade and Other Payables	1 042 797	(627 147)
(Increase)/Decrease in Taxes	(64 587)	(1 784 208)
(Increase)/Decrease in Inventory	(114 559)	73 352
(Increase)/Decrease in Trade and other receivables	450 331	3 678 437
<b>Cash generated/(absorbed) by operations</b>	<b>3 236 857</b>	<b>14 484 483</b>

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**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 17	7 693 030	-
Cash Floats - Note 17	3 950	3 950
Bank - Note 17	7 012 571	12 483 278
<b>Total cash and cash equivalents</b>	<b>14 709 550</b>	<b>12 487 228</b>





**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 31	14 709 550	12 487 228
Less:	14 709 550	12 487 228
Unspent Committed Conditional Grants - Note 8	8 773 564	10 945 303
<b>Resources available for working capital requirements</b>	<b>5 935 986</b>	<b>1 541 925</b>
<b>33 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 2	2 261 755	2 767 645
Used to finance property, plant and equipment - at cost	(2 261 755)	(2 767 645)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
<b>34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>34.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	139 820	7 368 470
Unauthorised expenditure current year - capital	-	139 820
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - Conditional grants utilised for operating expenditure	-	-
Written off by council	(139 820)	(7 368 470)
Unauthorised expenditure awaiting authorisation	-	139 820

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
<b>Unauthorised expenditure current year - operating</b>				
Municipal Manager	11 483 100	11 810 279	(327 179)	-
Management Services	20 479 922	21 673 020	(1 193 098)	-
Community & Technical Services	90 478 154	94 709 390	(4 231 236)	-
	<b>122 441 176</b>	<b>128 192 689</b>	<b>(5 751 513)</b>	<b>-</b>
<b>Unauthorised expenditure current year - capital</b>				
Municipal Manager	7 548	10 000	(2 452)	-
Management Services	474 968	552 100	(77 132)	-
Community & Technical Services	1 636 850	2 148 260	(511 410)	-
	<b>2 119 367</b>	<b>2 710 360</b>	<b>(590 994)</b>	<b>-</b>

754 968



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**34.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance  
 Fruitless and wasteful expenditure current year  
 Written off by council  
 Transfer to receivables for recovery

Fruitless and wasteful expenditure awaiting further action

2014 R	2013 R
-	1 921 156
291	-
-	(1 728 056)
-	(183 100)
291	-

Incident	Disciplinary steps/criminal proceedings
After the Election on 5 March 2006 a new Council was elected. The Council decided to end the contract of the Municipal Manager that was valid until November 2007. Cost paid to the Municipal Manager.	None.
Labour dispute - Me W Meyer vs ODM. Compensation to be paid to Me W Meyer.	Monies to be recovered from Mr G W Hermanus
Suspension of Mr G W Hermanus	None.
W Smuts - Settlement for prematurely ending his employment contract after a disciplinary process	None.
W Pekeur - Reimbursement for removal costs, due to the wrongdoing of an acting Municipal Manager.	Monies to be recovered from Mr G W Hermanus
Interest charged by SARS on the late payment of October 2013 VAT return.	None.

1 637 104
180 000
17 872
73 080
13 100
291
291
1 921 156

**34.3 Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance  
 Irregular expenditure identified in the current year  
 Written off by council  
 To be recovered  
 Written off by council

Irregular expenditure awaiting further action

Irregular expenditure awaiting condonement by National Treasury. (Taken out in current year due to non condonement)

2 988 016	14 302 138
2 801 226	51 620
(2 936 396)	(10 650 293)
-	(57 000)
(581 777)	(658 449)
2 271 088	2 988 016
-	14 302 138

Incident	Disciplinary steps/criminal proceedings
The municipal accounts of two suppliers were not inspected before the tenders were awarded.	None
The declaration of interest documents of four winning bidders were not submitted.	None
The municipal accounts of one supplier were not inspected and the declaration of interest not submitted.	None
Irregular expenditure identified during audit process and not yet corrected in the financial statements (declarations not submitted and municipal accounts not obtained).	None
A director of one supplier is in the service of the state	None
Three quotations not obtained	None
Business with people in service of the state	None
Payment in advance.	None

74 509
107 523
37 620
1 950 465
48 331
322 555
253 718
5 504
2 801 226
51 620

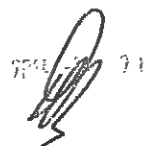
The District Municipality is investigating the full population of awards to determine the exact amount of irregular expenditure.

**34.4 Other Non-Compliance**

- The municipality did not adhere to the provisions of section 165(2)(b) of the MFMA that requires an adequately resourced internal audit unit that executes its plan in an effective and timely manner.
- The municipality did not comply with section 63 (2) (a) and (c) of the MFMA. The municipality did not take all reasonable steps to ensure that the municipality maintains a management, accounting system for the assets of the municipality.

**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		2014 R	2013 R
<b>35</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>35.1</b>	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Opening balance	-	4 205
	Council subscriptions	444 637	429 730
	Amount paid - current year	(444 637)	(433 935)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>35.2</b>	<b><u>Audit fees - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	-	-
	Current year audit fee	2 187 235	1 712 487
	External Audit - Auditor-General	2 187 235	1 712 487
	Amount paid - current year	(2 187 235)	(1 712 487)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>35.3</b>	<b><u>VAT - [MFMA 125 (1)(e)]</u></b>		
	Opening balance	(137 776)	(65 092)
	Amounts received - current year	515 682	649 151
	Amounts claimed - current year	(525 290)	(720 834)
	<b>Closing balance - Receivable</b>	<b>(147 384)</b>	<b>(137 776)</b>
	Vat in suspense due to cash basis of accounting		
	Input VAT	(51 868)	-
	Output VAT	-	3 111
	<b>Receivable</b>	<b>(199 251)</b>	<b>(134 665)</b>
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
<b>35.4</b>	<b><u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	8 241 434	6 676 650
	Amount paid - current year	(8 241 434)	(6 676 650)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>35.5</b>	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	16 978 678	13 530 421
	Amount paid - current year	(16 978 678)	(13 530 421)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>35.6</b>	<b><u>Quotations awarded - Supply Chain Management</u></b>		
	Deviations from the Supply Chain Management Regulations were identified on the following categories:		
	Deviations per type		
	- 3 Quotes not obtained	1 360 624	1 884 202
		<b>1 360 624</b>	<b>1 884 202</b>
	Deviations per financial category		
	- Between R 0 and R 2 000	3 227	1 563
	- Between R 2 000 and R 10 000	408 626	305 169
	- Between R 10 000 and R 30 000	441 300	379 778
	- Between R 30 000 and R 200 000	507 470	560 342
	- Above R 200 000	-	637 350
		<b>1 360 624</b>	<b>1 884 202</b>

  
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**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

36

**FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

	2014 R	2013 R
1% (2013 - 0.5%) Increase in interest rates	46 051	12 524
0% (2013 - 0.5%) Decrease in interest rates	-	(12 524)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The entity only deposits cash with major banks with high quality credit standing. The banks utilised by the municipality are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposures are disclosed below

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables are individually evaluated annually at Balance Sheet date for impairment.



**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	501 432	442 162
Receivables from non-exchange transactions	1 340 572	1 457 221
Cash and Cash Equivalents	14 709 550	12 487 228
	<u>16 551 554</u>	<u>14 386 611</u>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

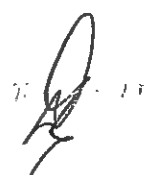
The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2014</b>				
Long Term liabilities	928 686	1 583 989	108 436	-
Capital repayments	782 765	1 375 485	103 505	-
Interest	146 121	208 504	4 931	-
Provisions Landfill Sites	-	-	-	87 536 022
Capital repayments	-	-	-	7 838 715
Interest	-	-	-	79 697 307
Payables from exchange transactions	1 230 274	-	-	-
Unspent conditional government grants and receipts	8 773 564	-	-	-
	<u>10 932 724</u>	<u>1 583 989</u>	<u>108 436</u>	<u>87 536 022</u>
<b>2013</b>				
Long Term liabilities	1 090 460	1 868 148	325 309	-
Capital repayments	891 489	1 579 403	296 754	-
Interest	198 971	288 745	28 555	-
Provisions Landfill Sites	-	-	-	76 814 797
Capital repayments	-	-	-	7 210 784
Interest	-	-	-	69 604 013
Payables from exchange transactions	1 227 217	-	-	-
Unspent conditional government grants and receipts	10 945 303	-	-	-
	<u>13 262 980</u>	<u>1 868 148</u>	<u>325 309</u>	<u>76 814 797</u>



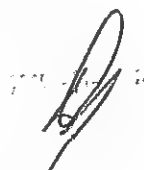
**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		2014 R	2013 R
37	<b>FINANCIAL INSTRUMENTS</b>		
	Financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
37.1	<b>Financial Assets</b>		
	<b>Investments</b>		
	Unlisted and listed Investments	-	-
	<b>Receivables</b>		
	Receivables from exchange transactions	113 840	79 155
	Receivables from non-exchange transactions	1 340 572	1 457 221
	<b>Short-term Investment Deposits</b>		
	Call Deposits	7 693 030	-
	<b>Bank Balances and Cash</b>		
	Bank Balances	7 012 571	12 483 278
	Cash Floats and Advances	3 950	3 950
		<u>16 163 952</u>	<u>14 023 604</u>
	<b>SUMMARY OF FINANCIAL ASSETS</b>		
	Financial instruments at amortised cost	<u>16 163 952</u>	<u>14 023 604</u>
	At amortised cost	<u>16 163 952</u>	<u>14 023 604</u>
37.2	<b>Financial Liability</b>		
	<b>Long-term Liabilities</b>		
	Annuity Loans	779 945	1 235 231
	Capitalised Lease Liability	689 045	640 826
	Non-Current Provisions - Landfill Sites	7 838 715	7 210 784
	<b>Payables from exchange transactions</b>		
	Trade Creditors	632 211	614 890
	Sundry Deposits	30 735	41 270
	Other	124 753	103 036
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	455 287	723 069
	Capitalised Lease Liability	327 478	168 419
		<u>10 888 169</u>	<u>10 737 825</u>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	Financial instruments at amortised cost	<u>10 888 169</u>	<u>10 737 825</u>
38	<b>EVENTS AFTER THE REPORTING DATE</b>		
	The municipality has no events after reporting date during the financial year ended 2013/2014.		
39	<b>IN-KIND DONATIONS AND ASSISTANCE</b>		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
40	<b>PRIVATE PUBLIC PARTNERSHIPS</b>		
	Council has not entered into any private public partnerships during the financial year.		




**OVERBERG DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		2014 R	2013 R
41	<b>CONTINGENT LIABILITY</b>  Pending claim relating to a labour dispute with an employee A former employee whose services were terminated and who was held responsible for recovery of legal costs, lodged a claim against the municipality to withdraw his termination and at the same time not be held responsible for the recovery of the legal costs. No definite costs that may be incurred could be determined. Another employee whose services were terminated was held responsible for recovery of costs incurred during his term at the municipality. He lodged a claim against the municipality that all outstanding amounts be written off. No definite costs that may be incurred could be determined. During the previous financial year a disciplinary hearing against the previous Municipal Manager resulted in a settlement agreement between the Municipal Manager and the Council that was signed by both parties during November 2013. The agreement was settled during the year under review. The former employee lodged a further claim against the municipality for the payment of accrued leave.	70 918	369 364
	The remuneration increase for Councillors was rejected by the provincial MEC for local government. The Councillors are still negotiating with the MEC to get their increase approved. If the consent of the MEC could be obtained back pay for the 2012/13 financial year will be paid. The matter was resolved during the year under review.		425 750
42	<b>RELATED PARTIES</b>  Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.  The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
42.1	<b>Related Party Loans</b>  Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
42.2	<b>Compensation of key management personnel</b>  The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.		
42.3	<b>Other related party transactions</b>  The following purchases were made during the year where Councillors or staff have an interest:  None		
45	<b>GOING CONCERN ASSUMPTION</b>  The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this municipality has been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.  The financial results however may indicate that the going concern assumption of this municipality may be in serious doubt. The amounts promulgated in the DORA have a serious impact on the level of services that this municipality can render and it may well raise doubt about the future financial sustainability of this municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.		



**APPENDIX A**  
**OVERBERG DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2013	Correction	Balance at 30 JUNE 2013 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2014
<b>ANNUITY LOANS</b>									
INCA	9,30%		31/12/2014	922 966	-	922 966		601 266	321 701
INCA	9,45%		31/12/2019	1 035 334	-	1 035 334		121 804	913 531
<b>Total Annuity Loans</b>				<b>1 958 300</b>	<b>-</b>	<b>1 958 300</b>	<b>-</b>	<b>723 069</b>	<b>1 235 231</b>
<b>LEASE LIABILITY</b>									
Vehicles and Equipment				809 345	-	809 345	515 244	298 065	1 026 524
<b>Total Lease Liabilities</b>				<b>809 345</b>	<b>-</b>	<b>809 345</b>	<b>515 244</b>	<b>298 065</b>	<b>1 026 524</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>2 767 645</b>	<b>-</b>	<b>2 767 645</b>	<b>515 244</b>	<b>1 021 134</b>	<b>2 261 755</b>





**APPENDIX B**  
**OVERBERG DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**MUNICIPAL VOTES CLASSIFICATION**

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
4 491 439	(5 923 860)	(1 432 421)	Council Expenditure	4 505 517	(7 462 932)	(2 957 414)
-	(1 189 338)	(1 189 338)	Executive Services	-	(2 119 043)	(2 119 043)
-	(863 767)	(863 767)	Management Support	-	(1 066 234)	(1 066 234)
-	(833 611)	(833 611)	Record Management	-	(873 920)	(873 920)
-	(3 361 629)	(3 361 629)	Administration	-	(2 871 381)	(2 871 381)
-	(501 923)	(501 923)	Audit	-	(834 891)	(834 891)
-	(1 425 262)	(1 425 262)	Human Resources	-	(1 226 815)	(1 226 815)
-	(1 792 648)	(1 792 648)	Supply Chain Management	-	(1 916 823)	(1 916 823)
-	(3 272 982)	(3 272 982)	Finance Inc Exp & It	-	(3 668 891)	(3 668 891)
-	(439 717)	(439 717)	Performance Management	-	(486 675)	(486 675)
15 142	(472 501)	(457 359)	Buildings	16 302	(696 103)	(679 802)
5 194 627	(5 253 260)	(58 634)	Financial Services	1 878 009	(3 662 687)	(1 784 677)
-	(1 106 649)	(1 106 649)	Planning Services	-	(962 540)	(962 540)
46 023 929	(2 097 929)	43 926 000	Grants Ex Nat Government	48 894 412	(2 187 582)	46 706 830
7 226	(7 226)	-	Grants Ex Prov Government	865 234	(561 849)	303 385
1 007 578	(848 218)	159 360	Fin Man Grant	1 250 000	(1 250 000)	-
122 857	(14 337 590)	(14 214 733)	Fire Brigade	123 084	(16 005 083)	(15 881 999)
-	(333 894)	(333 894)	Disaster Management	-	(357 236)	(357 236)
67 874	(9 822 327)	(9 754 453)	Municipal Health	44 053	(10 120 766)	(10 076 713)
11 259	(86)	11 172	Velapi Hostel	1 142	-	1 142
-	(879 272)	(879 272)	Environmental Management	-	(1 181 335)	(1 181 335)
-	(40 871)	(40 871)	Engineering Services	-	(29 779)	(29 779)
15 784	(1 897 177)	(1 881 393)	Karwyderskraal	11 255	(1 480 382)	(1 469 127)
-	(1 235)	(1 235)	Buffeljachtsbaai	-	-	-
1 569 226	(2 559 623)	(990 397)	Dennehof	643 121	(1 707 367)	(1 064 246)
2 125 204	(1 402 905)	722 298	Die Dam	2 308 081	(1 760 272)	547 810
8 170 610	(6 225 302)	1 945 308	Uilenkraalsmond	8 489 371	(7 056 209)	1 433 162
39 627	-	39 627	Outspans & Public Places	41 933	-	41 933
102 894	(102 894)	-	Comprehensive Health	114 655	(114 655)	-
41 370 141	(41 370 141)	-	Roads - Main & Divisional	50 779 726	(50 779 726)	-
110 335 415	(108 363 838)	1 971 577	Sub Total	119 965 896	(122 441 176)	(2 475 279)
-	-	-		-	-	-
110 335 415	(108 363 838)	1 971 577	Total	119 965 896	(122 441 176)	(2 475 279)

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**APPENDIX C**  
**OVERBERG DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
50 522 593	(10 584 042)	39 938 551	Executive & Council	54 265 163	(14 232 531)	40 032 632
15 142	(6 532 720)	(6 517 578)	Corporate Services	16 302	(6 154 895)	(6 138 593)
6 202 205	(11 167 109)	(4 964 904)	Financial Services	3 128 009	(10 498 401)	(7 370 392)
-	(1 147 520)	(1 147 520)	Planning & Development	-	(992 319)	(992 319)
102 894	(102 894)	-	Health	114 655	(114 655)	-
122 857	(14 671 485)	(14 548 628)	Public Safety	123 084	(16 362 319)	(16 239 235)
11 904 666	(10 189 064)	1 715 602	Sport & Recreation	11 482 507	(10 523 848)	958 659
79 133	(10 701 686)	(10 622 553)	Environmental Protection	45 195	(11 302 100)	(11 256 906)
15 784	(1 897 177)	(1 881 393)	Waste Management	11 255	(1 480 382)	(1 469 127)
41 370 141	(41 370 141)	-	Road Transport	50 779 726	(50 779 726)	-
110 335 415	(108 363 838)	1 971 577	<b>Total</b>	119 965 896	(122 441 176)	(2 475 279)

2014



**APPENDIX D**  
**OVERBERG DISTRICT MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 JUNE 2013	Correction of error	Balance 1 JULY 2013	Grants Received	Interest Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Re - allocation of Grants	Balance 30 JUNE 2014
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>National Government Grants</b>									
Equitable Share	-	-	-	46 637 000	-	46 637 000	-	-	-
Local Government Financial Management Grant	-	-	-	1 250 000	-	1 250 000	-	-	-
Municipal Systems Improvement Grant	-	-	-	890 000	-	820 170	69 830	-	-
<b>Total National Government Grants</b>	-	-	-	48 777 000	-	48 707 170	69 830	-	-
<b>Provincial Government Grants</b>									
Napier Tourism Office	1 486	-	1 486	-	-	-	-	1 486	-
Local Economic Development	21 665	-	21 665	-	-	-	-	21 665	-
Non - motorised Transport	7 356	-	7 356	-	-	-	-	7 356	-
Coastal Management Programme	897 836	-	897 836	-	-	-	-	-	783 675
SETA Training Fund	734 461	-	734 461	80 019	-	114 161	-	-	447 068
Tourism Routes	62 562	-	62 562	-	-	367 412	-	-	-
Human Rights Programme	103 062	-	103 062	-	-	-	62 562	-	53 062
Kogelberg Biosphere	26 425	-	26 425	-	-	50 000	-	-	-
Breede River Spatial Development Framework	14 536	-	14 536	-	-	-	-	26 425	-
Tourism Workshops	20 755	-	20 755	-	-	-	-	14 536	-
Tourism Projects	117 265	-	117 265	-	-	-	-	20 755	-
Housing Training	228 025	-	228 025	-	-	14 330	-	-	91 617
CDW Funds	5 292	-	5 292	-	-	-	-	11 319	-
Alcohol Abuse	579	-	579	-	-	-	-	228 025	-
Kanvaderskraal	250 000	-	250 000	-	-	-	-	5 292	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	579	-
EPWP Grant	-	-	-	1 000 000	-	86 615	303 385	(400 000)	250 000
Road Subsidy	8 160 004	(6 007)	8 153 997	48 530 425	-	1 000 000	-	-	-
Health Subsidy	-	-	-	114 655	-	50 621 904	-	-	6 062 518
Municipal Finance Improvement Programme	-	-	-	914 976	-	114 655	-	-	-
Office Upgrading and Maintenance	-	-	-	57 392	-	220 854	-	-	694 022
Risk Management	300 000	-	300 000	100 000	-	65 780	-	-	57 392
<b>Total Provincial Government Grants</b>	10 951 310	(6 007)	10 945 303	50 797 466	-	52 665 620	303 385	-	334 211
<b>Total</b>	10 951 310	(6 007)	10 945 303	99 574 466	-	101 372 998	373 215	-	8 773 864

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